

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**SB 462 - HB 552**

March 15, 2013

**SUMMARY OF BILL:** Requires any change to the debt structure of any debt issued by a local government entity to be approved by the Comptroller of the Treasury (COT) prior to being refunded, renewed, extended, or otherwise changed. Requires the COT to approve any debt prior to issuance by a local government entity. Requires the State Funding Board to establish guidelines for such approvals.

**ESTIMATED FISCAL IMPACT:**

**Increase State Expenditures - \$205,800**

Assumptions:

- The Office of State and Local Finance (OSLF) approves certain types of debt for local governments prior to its issuance. Additionally, local governments issue other types of debt that do not require prior approval, but are required to submit a form to the OSLF to comply with Tenn. Code Ann. § 9-21-151.
- In FY11-12, OSLF received 555 forms identifying debt issues. Of the 555 forms submitted, 238 debt issues required prior approval by COT. Under the proposed bill, there would have been an additional 317 debt issues that would have required prior approval from the COT.
- According to the COT, the average number of hours necessary to complete an approval is approximately 15 hours. Based on FY11-12 debt issues, there would have been an additional 4,755 hours of work (317 debt issues x 15 hours per issue).
- It is estimated that the COT will require two new positions to handle the additional workload, resulting in a recurring increase in state expenditures of \$205,800, which includes salaries, benefits, and other operational expenditures.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise".

Lucian D. Geise, Executive Director

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